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SUBJECT: PORT-AU-PRINCE: FEBRUARY 12 CODEL PELOSI VISIT TO HAITI

¶1. (SBU) SUMMARY: On February 12 Speaker of the House of Representatives Nancy Pelosi, along with the 11 Senators and members of Congress, arrived in Port-au-Prince to observe U.S. relief efforts and to discuss the status of those efforts with US and GOH officials. President Preval told the Codel they are rallying to address the monumental challenges confronting them, and with a vision that looks beyond Haiti's immediate needs. Preval stated that, in the short-term, Haiti needs help in addressing the problems of displaced persons, a budget shortfall, stimulating the economy, and holding elections. Preval also asked for assistance in encouraging U.S. private investment, decentralizing foreign investment, creating jobs, and building roads. Prime Minister Bellerive supported the concept of establishing a trusteeship comprised of the GOH and major donors to coordinate the disbursement of financial aid. END SUMMARY.

#### CODEL Members and Participants

¶2. (SBU) Members of the Senate:

- \* Tom Harkin, Chairman Health Education and Labor (D-IA)
- \* Bill Nelson, Budget, Finance and SASC (D-FL)
- \* Amy Klobuchar, Judiciary (D-MN)
- \* Frank Lautenberg, Appropriations (D-NJ)
- \* George LeMieux, SASC (R-FL)

#### Members of the House of Representatives:

- \* Nancy Pelosi, Speaker of the House (D-CA)
- \* Charles Rangel, Chairman Ways and Means (D-NY)
- \* John Conyers, Chairman Judiciary (D-Mich)
- \* James Oberstar, Transportation and Infrastructure (D-MN)
- \* Donna Christensen (D-V.I.)
- \* Sheila Jackson Lee (D-TX)
- \* Earl Blumenauer (D-OR)

Also accompanying the CODEL were Assistant Secretary for

Legislative Affairs Rich Verma, seven members of the Senate and House staff, and two representatives of the Senate and House UNMC liaison offices.

#### CODEL Itinerary

13. (SBU) Charge' David Lindwall, U.S. Relief Coordinator Ambassador Lewis Lucke, and U.S. Joint Task Force (JTF) Commander General Ken Keen briefed the CODEL on the present situation and Embassy, JTF, and USAID/DART activities in support of relief efforts. The CODEL took a windshield tour of the city center stopping briefly at the ruins of the Capital's historic cathedral, where the CODEL observed a moment of silence for those who died in earthquake. (NOTE: Preval had designated February 12 as a national day of mourning. END NOTE.) CODEL members also toured a USAID-sponsored emergency medical facility and discussed the delivery of humanitarian aid with key NGO representatives.

#### Discussion with President Preval, PM Bellerive and Cabinet Members

14. (SBU) The CODEL met with President Rene' Preval, Prime Minister Jean-Max Bellerive, and members of Preval's staff and cabinet at the GOH's temporary HQ. Preval thanked President and

Mrs. Obama, the U.S. Congress, and the American people for bringing all possible aid to Haiti. Speaker Pelosi conveyed the concerns of Congress and the American people for the welfare of Haiti and added that the CODEL was present to demonstrate America's commitment to Haiti.

15. (SBU) Preval noted the GOH has made "much progress" since the earthquake. He explained the government had removed 217,000 bodies from the rubble, and it is working to clear roads and re-establish telephone and electricity service. He added that USAID has done a tremendous job of providing food to displaced person camps. In response to Senator Harken, who urged the government to move displaced person camps in low areas to higher ground, Preval replied USAID is working to accomplish that goal. But first, he said, the rubble must be removed, "one thing at a time."

#### GOH Short Term Needs

16. (SBU) Preval said there will be tremendous social problems if displaced persons remain in the streets. "We must not weaken the economy" with the large amount of aid pouring into Haiti. Instead of distributing imported food, he explained, there is a need to stimulate the economy and support agricultural jobs by buying local products whenever possible. Preval acknowledged the establishment of a USAID program to address those issues, but he added that more local jobs must be created.

17. (SBU) Preval asked for elections support, noting the Provisional Electoral Council (CEP) building was destroyed in the quake and that it lost personnel, election records, and election materials. Many citizens had lost their voter identification cards and have moved out of their voting districts, he continued. Preval explained that on May 10, Parliament's mandate expires and without the House of Deputies and only two-thirds of the Senators still in office, "we have a problem." (NOTE: The parliamentary elections originally scheduled for February 2010 have been cancelled. END NOTE)

#### Post-Quake Budget Issues - Ultimately Cured by Economic Development

¶18. (SBU) Finance Minister Baudin said following the quake, GOH revenues had plummeted by 80 percent due to lack of income and property tax receipts. Preval added the owners of 250,000 damaged homes would no longer pay property taxes. The temporary closure of the main port had also resulted in the loss of import duties, according to Baudin. The remaining 20 percent of GOH revenues does not cover one-half of the payroll for public employees, which amounts to USD 25 million per month. The government has been able to meet the public employee payroll thanks to a budget surplus; but without future budget support from foreign donors, making the government payroll will be difficult. "We ask for a lobbying effort," Baudin said, "to attract U.S. private investment in Haiti," which will create jobs and increase government receipts. Furthermore, it is important to create those jobs outside of Port-au-Prince if possible, so that those who have migrated out of the capital will not be compelled to return.

¶19. (SBU) Central Bank President Castel said, as a result of destroyed businesses and loan defaults, 40 percent of Haiti's banks' portfolios may have been lost. Those businesses can rebuild only if credit is available, commenting "we need to extend credit in order to create jobs," and added "we cannot raise revenue without jobs." Castel urged the American legislators to include funds to recapitalize the banks in any budget supplemental. Senator Harkin mentioned that Congress will be considering a supplemental appropriation bill, and requested a list of GOH needs for the remainder of the fiscal year.

#### Coordination of Expenditures - Trusteeship Proposal

¶10. (SBU) Senator Nelson suggested that the GOH establish a trusteeship with authority to disburse funds contributed by donors. Prime Minister Bellerive stated that he discussed the subject of a trusteeship with Counselor Cheryl Mills, and that the GOH supports the idea, provided the body would be transparent. Bellerive added that the trusteeship should be governed by an "International Donor Board" consisting of the largest donors, and co-chaired by the GOH. He suggested the body should first adopt a plan and then vote to disburse funds for projects consistent with the plan. Bellerive said the GOH would propose this structure to the donors meeting in April.

#### Think Big and Outside of Port-au-Prince

¶11. (SBU) Speaker Pelosi urged Preval to "think big." "We're receptive" she added, "and we would like to hear that Haiti is going toward a different place. If so, you would receive even more support, and we see this as an opportunity to be even more helpful." "You can teach the world how to respond to such a disaster, and become a model." Pelosi stated that sometimes such a tragedy can be a great opportunity, and suggested the examples of San Francisco and Italy.

¶12. (SBU) Preval replied that since 2004, Haiti has made significant progress in reducing inflation, growing GDP, expanding agricultural production and adding jobs. But now, after the earthquake, it would be a mistake to focus only on Port-au-Prince. "To concentrate on the disaster in Port-au-Prince in the wrong route," he said. If Haiti is to continue its progress, and exceed it, "the country needs to decentralize" stated Preval. "We must not only rebuild Port-au-Prince, but also Haiti." In order to decentralize, "we need to develop jobs in Les Cayes, Cap Haitien, and other cities - but first we need roads." "We must invest in the provinces, or we will not be able to rebuild Port-au-Prince."

## Comment

¶13. (SBU) COMMENT: Preval was in top form during the Pelosi meeting: energized, engaged, organized, articulate and gracious. Preval and his advisors demonstrated they are fully aware of the monumental challenges confronting them, and with a vision that looks beyond immediate relief and reconstruction needs.

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